

Before the
FEDERAL COMMUNICATIONS COMMISSION
 Washington, D.C. 20554

FILED/ACCEPTED

SEP 10 2009

RECEIVED - FCC

SEP 8 2009

Federal Communications Commission
Office of the SecretaryFederal Communications Commission
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In the Matter of

PENDLETON C. WAUGH,
CHARLES M. AUSTIN, and
JAY R. BISHOP

PREFERRED COMMUNICATION SYSTEMS, INC.

Licensee of Various Site-by-Site Licenses
 in the Specialized Mobile Radio Service

PREFERRED ACQUISITIONS, INC.

Licensee of Various Economic Area Licenses in the
 800 MHz Specialized Mobile Radio Service

EB Docket No. 07-147**File No. EB -06-IH-2112****NAL/Acct. No. 200732080025****FRN No. 0003769049****FRN No. 0003786183****To: The Honorable Richard L. Sippel****COMMENTS**

Preferred Investors Association ("PIA") by its attorneys respectfully submits this its Comments in connection with the settlement presented to the Administrative Law Judge ("ALJ") by the Enforcement Bureau and certain other parties on August 5, 2009.¹

INTRODUCTION

1. PIA is an unincorporated association formed in 2008 by investors and shareholders in Preferred Communications Systems, Inc. and Preferred Acquisitions, Inc., collectively "PCSI", parties to this proceeding. It currently has approximately 80 members whose investments in PCSI total nearly 3.1 million dollars. PIA's members have a vital interest

¹ PIA requests herein Leave to file these Comments.

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in the outcome of this proceeding and in June of 2009, PIA sought to intervene as a party. By Order released July 16, 2009, Order, FCC 09M-48, the ALJ denied the motion to intervene finding, among other things, "the interest of PCSI shareholders are being represented by the corporate parties and by a corporate officer." Order at 2. The ALJ pointed out that any personal private claims having an adverse impact on management should be resolved by state court actions. The ALJ also observed that "Shareholders' derivative complaints against corporate management are recognized in civil courts, but not the FCC." Order at 2.

2. Subsequently, a settlement agreement was concluded between the Enforcement Bureau, PCSI, Charles Austin and Jay Bishop. By Order released August 6, 2009, FCC 09M-51, that agreement was approved and the proceeding terminated. However, by Order released August 20, 2009, FCC 09M-53, the ALJ ordered that the August 6 Order approving the settlement agreement be held in abeyance. The parties and the Enforcement Bureau were directed to file additional information in support of the settlement. Those submissions were made on August 28 and August 31 respectively.

REQUEST FOR LEAVE TO FILE COMMENTS

3. PIA recognizes that it is not a party to the proceeding. Nonetheless, it has a vital interest in its outcome because of the magnitude of the investment by its members. It therefore seeks leave of the Administrative Law Judge to submit these comments and respectfully requests that the Presiding Judge consider these comments in disposing of the matters before him.

PIA SUPPORTS SETTLEMENT

4. PIA without prejudice to any position it may take in any future civil court proceedings concerning PCSI and/or its officers, supports the settlement agreement. PIA submits that the agreement serves the public interest by assuring future compliance by PCSI with the Commission's licensing rules, it provides reasonable expectations that the licenses in

question can be put to use sooner instead of later thereby providing communications services to the public, and finally, it provides an opportunity for the investors to realize a return on their investment in PCSI. As PIA indicated in its motion to intervene, it was concerned that private ownership claims might be addressed as part of the settlement. It is PIA's position that any settlement within the broader settlement of the FCC issues must not favor one group of PCSI stakeholders over another if it is to be universally accepted. The settlement wisely left those matters to be addressed in civil court if any parties choose to pursue such issues. It is only through such process that ownership interests can be adjudicated based upon full disclosure of all of the circumstances surrounding such matters.

NO BASIS FOR JUDY INTERVENTION

5. The efforts by Michael Judy, a non-party, should not be countenanced by the ALJ. As the Presiding Judge noted in his Order denying PIA's motion to intervene, issues with respect to corporate management should be considered in the courts, not at the FCC. In fact, it appears that Judy has already instituted actions in the Chancery Court in Delaware. That is the proper place for those matters to play out.

6. Judy's motion for intervention like the PIA motion for intervention was opposed by the Enforcement Bureau. Yet the Presiding Judge's August 20 Order indicated that he may consider the motion for limited intervention should Judy withdraw his notice of appeal concerning the dismissal of the motion as moot. It would appear that Judy has no greater basis for intervention than PIA had. Judy is an investor/shareholder. If the Presiding Judge should articulate a more relaxed standard for intervention, PIA should be given similar consideration should it resubmit its motion to intervene.

WAUGH NOT PENALIZED

7. The submissions by the Bureau and the other parties show Waugh fully participated in the nearly three months of settlement negotiations. He attempts to confuse the issue by trying to characterize the settlement as an unlawful consent decree. The designation Order did not deal with the "statutory" qualifications of PCSI to be a Commission licensee. Those statutory qualifications basically would relate to the issue of foreign ownership. His claims for compensation by way of stock or otherwise are private contractual matters which should be left to the courts.

CONCLUSION

8. This matter needs to come to a conclusion at the FCC. PIA agrees with the Enforcement Bureau's conclusions in its submission of August 31 that the settlement agreement is in the public interest. The filings by the parties including Mr. Waugh show that he had every opportunity to participate fully in the settlement discussions. Mr. Waugh simply refused to join in the settlement unless his demands concerning his private contractual interests were met and were made part of the FCC settlement. There were no adverse findings or penalties against Mr. Waugh. The monetary forfeiture was against PCSI.

9. Thus, PIA respectfully request that the Judge grant it leave to submit these comments and that the Judge consider these comments in disposing of the matter.

Respectfully submitted,

PREFERRED INVESTORS ASSOCIATION

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Dated: September 8, 2009

CERTIFICATE OF SERVICE

I, Gladys L. Nichols, do hereby certify that on this 8th day of September 2009, the foregoing **COMMENTS** were served by first class mail, postage prepaid on the following persons:

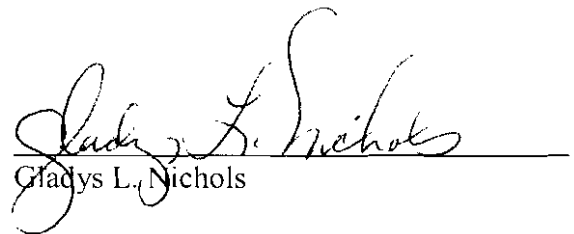
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